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Message Text

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C O N F I D E N T I A L SECTION 01 OF 03 PARIS 21461

E.O. 11652: GDS
TAGS: PFOR, FR, UR
SUBJECT: PS DELEGATION MEETING WITH USSR WORLD
ECONOMICS INSTITUTE

1. SUMMARY: PS DELEGATION WHICH VISITED MOSCOW
6-8 JULY CAME AWAY WITH IMPRESSION THAT SOVIETS
CONSIDER CAPITALIST WORLD CAPABLE OF SURVIVING CURRENT
CRISIS, ACCEPT MULTINATIONAL COMPANIES AS TRADING
PARTNERS, ARE CONCERNED ABOUT RIGHTIST MILITARY
REGIMES IN EUROPE AND ARE PREOCCUPIED WITH SOVIET
AGRICULTURAL PROBLEMS. END SUMMARY.

2. WHAT FOLLOWS IS AN ACCOUNT OF THE VISIT TO THE
USSR BY A PSF DELEGATION (6-8 JULY) COMPOSED OF
MICHEL ROCARD, PIERRE BEREGOVOY, ROBERT PONTILLON,
JACQUES ATTALI AND CHRISTIAN GOUX. VISIT TOOK PLACE
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IN RESPONSE TO INVITATION BY THE SOVIET WORLD

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ECONOMICS INSTITUTE FOR THE PURPOSE OF EXCHANGING VIEWS WITH SOVIET ECONOMISTS ON THE STATE OF THE CAPITALIST ECONOMY. THE SOURCE OF THIS ACCOUNT TO LABATT WAS JACQUES ATTALI, MITTERRAND'S PERSONAL ADVISER ON ECONOMIC MATTERS AND UNIVERSITY PROFESSOR.

3. ATMOSPHERICS:

(A) PS DELEGATION WAS IMPRESSED BY HOSPITALITY, IF NOT CORDIALITY, SHOWN TO THEM AS MEASURED BY COURTESIES EXTENDED, SOVIET RESPONSIVENESS TO THEIR DEMANDS FOR VISITS AND MEETINGS WITH PEOPLE AND THE AMOUNT OF TIME THEIR HOSTS GAVE THEM. THIS INCLUDED THE HEAD OF THE INSTITUTE, INOZEMTZEV, WHO FOR THREE DAYS DROPPED HIS NORMAL BUSINESS TO STAY WITH THE DELEGATION. HE HAD PRACTICALLY EVERY MEAL WITH THEM.

(B) THE DOZEN OR SO ECONOMISTS WHO AT ONE TIME OR ANOTHER PARTICIPATED IN THE DISCUSSIONS WITH THE FRENCH SHOWED THEMSELVES TO BE WELL-READ ON THE WESTERN WORLD. A GOOD NUMBER OF THEM SPOKE FLUENT FRENCH AND, ALTHOUGH DEFERENTIAL TOWARDS INOZEMTZEV, THEY SEEMED TO ENJOY SOME SMALL MEASURE OF FREEDOM TO EXPRESS PERSONAL VIEWS.

4. THE SOVIET VIEWS: SOURCE LISTED THE FOLLOW-ING AS THE MAIN POINTS MADE BY THE SOVIETS WHICH SEEMED TO REPRESENT NOT ONLY OFFICIAL VIEWS BUT ALSO CONCLUSIONS THEY HAD REACHED AS ECONOMISTS:

(A) THE ECONOMIC CRISIS WHICH THE WEST FACED DURING THE LAST TWO YEARS IS DEFINITELY OVER. THE CAPITALIST SYSTEM HAS THUS SHOWN TO HAVE ENOUGH RESOURCEFULNESS AND DYNAMISM TO OVERCOME ONE MORE DOWNTURN.

(B) HOWEVER, THE CAPITALIST SYSTEM STILL FACES THE LONG-TERM CHALLENGE OF FINDING ITSELF WITHOUT A VISION FOR THE FUTURE OF SOCIETY WHICH WOULD INSPIRE CREATIVITY AND NEW IDEAS.

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(C) THE U.S. HAS EMERGED FROM THIS CRISIS STRONGER THAN BEFORE IN RELATION TO THE REST OF THE WESTERN WORLD. THIS TREND WILL CONTINUE, WHICH MEANS THAT WESTERN EUROPE WILL FIND ITSELF IN INCREASING DEPEND-ENCE UPON THE U.S.

(D) MULTINATIONAL COMPANIES ARE THE PRODUCTS OF HIGH CONCENTRATION OF CAPITAL WHICH IS A KEY ELEMENT OF

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THE MARKET ECONOMIES AND AT THE SAME TIME ITS PRINCIPAL SOURCE OF VITALITY.

(E) THE USSR DOES NOT INTEND TO TAKE A MORALISTIC VIEW CONCERNING THESE MULTINATIONAL COMPANIES AND WILL CONTINUE TO DEAL WITH THEM PRAGMATICALLY BY MAKING SURE THAT ONLY THE BEST AMONG THEM ARE SELECTED FOR DOING BUSINESS.

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(F) THE EVOLUTION OF THE CAPITALIST WORLD HAS NOT ELIMINATED THE RISKS OF RIGHT-WING REACTIONS WHICH, ALTHOUGH MAY NOT TAKE THE FORM OF AN OUTRIGHT FASCIST MOVEMENT, MAY VERY WELL GENERATE MILITARY DICTATOR-

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SHIPS OR SIMPLY GREATER MILITARY INVOLVEMENT IN POLITICS. INCREASED MILITARY BUDGETS WERE CITED IN SUPPORT OF THIS.

(G) THE USSR IS INTERESTED IN PLAYING A ROLE IN THE SETTING UP OF A NEW ECONOMIC ORDER.

5. OTHER POINTS WHICH THE SOVIET MADE WITH NOTABLE PERSISTENCE INCLUDED THE FOLLOWING:

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(A) THE WEST IS DRAGGING ITS FEET WITH REGARD TO ECONOMIC EXCHANGES WITH THE USSR, INCLUDING EXTENSION OF CREDITS. THE USSR WILL NOT ACCEPT THE PERPETUATION OF THE PRESENT IMBALANCE IN THE FOREIGN TRADE BETWEEN EAST AND WEST.

(B) AGRICULTURE AND ITS PROBLEMS SEEM TO BE THE ALL CONSUMING PREOCCUPATION NOT ONLY OF THE SOVIET ECONOMISTS BUT ALSO OF GOVERNMENT OFFICIALS AT ALL LEVELS. TYPICAL ILLUSTRATION OF THIS STATE OF AFFAIRS CAN BE SEEN IN THE FACT THAT PONOMAREV SPENT NO LESS THAN THREE-FOURTHS OF AN HOUR OF HIS TWO-HOUR MEETING WITH THE FRENCH GROUP DISCUSSING AGRICULTURE AND PROJECTING GRANDIOSE DREAMS OF CHANGING THE COURSE OF SOVIET RIVERS TO MAKE POSSIBLE THE IRRIGATION OF MORE FERTILE LAND.

(C) ECPC. ALTHOUGH THE ECPC MEETING IN BERLIN WAS NOT MENTIONED VERY FREQUENTLY, THE SOVIET HOSTS REFERRED TO IT AS "A VERY IMPORTANT EVENT" BUT AT NO TIME IN ATTALI'S HEARING DID THEY INDICATE IN WHAT RESPECT THIS WAS SO.

(D) SOVIET SOCIALISM. ONE OF THE POINTS ON WHICH THE SOVIETS WERE TOTALLY INTRANSIGENT WAS THAT THE SOVIET SYSTEM WAS THE ONLY ONE THAT QUALIFIED AS SOCIALISM AND THAT ANY EFFORT TO PROJECT ANOTHER SYSTEM UNDER THE NAME OF SOCIALISM WOULD BE A CONTRADICTION IN TERMS OR OUTRIGHT FRAUD. THE FRENCH VISITORS WERE TAKEN ABACK BY THE TENACITY WITH WHICH THE SOVIET OFFICIALS HELD TO THIS VIEW THAT THEIR SYSTEM AND REGIME WAS THE QUINTESSENCE OF SOCIALISM AND THAT ANY REGIME THAT WOULD NOT FOLLOW THEIR EXAMPLE WILL HAVE NO RIGHT TO PRESENT ITSELF AS SOCIALIST.

(E) THERE WAS VERY LITTLE DISCUSSION OF THE COMMON PROGRAM OF THE FRENCH UNION OF THE LEFT AND EVEN

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LESS A REFERENCE TO THE PCF.

6. THE SOVIET HOSTS WERE A BIT PERPLEXED BY THE
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PS DELEGATION'S ACCEPTANCE OF AN INVITATION TO MEET
WITH THE FRENCH AMBASSADOR TO MOSCOW. FURTHERMORE,
THE SOVIETS SUCCEEDED IN PREVENTING THE DELEGATION
FROM ACCEPTING THE FRENCH AMBASSADOR'S INVITATION
TO LUNCH BY DEMANDING ADHERENCE TO THE PROGRAM PRE-

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7. IN RETROSPECT THE PS DELEGATION DREW THE CONCLUSION THAT THEY WERE RECEIVED IN MOSCOW MORE AS POTENTIAL GOVERNMENT OFFICIALS WITH WHOM THE SOVIETS WERE PREPARED TO DEAL CORRECTLY AND NOT AS POLITICIANS OR THEORETICIANS OF THE LEFT WITH WHOM THEY HAD ANY PARTICULAR IDEOLOGICAL AFFINITY LET ALONE A POLITICAL COLLUSION. THE VISITORS GOT THE IMPRESSION ALSO THAT WHILE THE SOVIETS DID NOT WISH TO SEE THE UNITED LEFT COME TO POWER IN FRANCE, THEY WERE PREPARED TO ACCEPT SUCH AN EVENTUALITY AND TO CONCEDE THAT SUCH A DEVELOPMENT WAS NOT OUT OF THE QUESTION.

8. COMMENT: WHILE WE INTEND TO DISCUSS THE VISIT TO
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MOSCOW WITH OTHER MEMBERS OF THE PS DELEGATION, WE FELT THAT IT WOULD BE HELPFUL NOT TO DELAY THE FOREGOING SUMMARY, ESPECIALLY SINCE IT CAME FROM SUCH A SOPHISTICATED SOURCE WITH HIGH RELIABILITY AS A REPORTER. SOURCE CONFIRMED THAT A WRITTEN REPORT WAS BEING PREPARED FOR MITTERRAND WHICH WOULD REFLECT THE FOREGOING POINTS. UNDER SEPTEL WE SUBMIT THE SOURCE'S SUMMARY OF SOVIET VIEWS ON MILITARY MATTERS.
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